

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Mail Processing Network  
Rationalization Service Changes, 2012

Docket No. N2012-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

(Issued February 27, 2012)

The Postal Service is requested to respond to the following questions to clarify the record on its request for an advisory opinion under 39 U.S.C. 3661(c) regarding the Mail Processing Network Rationalization Service Changes, 2012.<sup>1</sup> In order to facilitate inclusion of the requested material in the evidentiary record, the Postal Service shall have a witness attest to the accuracy of the answers and be prepared to explain, to the extent necessary, the basis for the answers at the hearings.<sup>2</sup> Responses shall be provided no later than March 8, 2012.

The following questions are directed to witness Williams (USPS-T-1).

1. The resilience of a transportation network can be defined as the ability of the network to maintain service levels during operations or quickly return to normal operation after plant disruption, adverse weather, natural incidents such as floods, snow, ice, fog, hurricanes, terrorism or accidents, power outages, or other situations. A resilient network can be designed to isolate failures and to prevent cascading of service degradation. In the case of the Postal Service, managers

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<sup>1</sup> Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services, December 5, 2011 (Request).

<sup>2</sup> The Postal Service may redirect questions as necessary to provide a complete response, including the provision of institutional responses, if necessary.

may reroute mail to alternate processing facilities to adapt to temporary, unforeseen situations.

- a. To what degree has the Postal Service planned to maintain the resilience of its network after the proposed changes?
  - b. Please describe how and to what extent the ability of the network to provide temporary emergency substitution was factored into the development of the Mail Processing Network Rationalization Service Changes proposal?
2. Please discuss how the revised service standards under the Postal Service proposal will achieve the objectives of 39 U.S.C. § 3691(b)(1), and how the Postal Service took into account the factors of 39 U.S.C. § 3691(c) in the revision of the service standards. Please include references to further discussion of these objectives and factors where they appear in the Postal Service's Request and testimony, as appropriate.
3. In support of its 2011 Annual Compliance Report, the Postal Service filed its "Special Study of Off-Shore Service Performance FY11" in USPS-FY11-29.
  - a. Will any plants in non-contiguous areas (*e.g.*, Alaska, Hawaii, Guam) be affected by the Mail Processing Network Rationalization Service Changes proposal?
  - b. Please describe any ways in which the effects of the proposal will be different for remote or non-contiguous areas than for the rest of the country, including whether the changes will improve or worsen the relative service performance in these areas. Be sure to discuss whether and how the lack of closures in a non-contiguous area will alter the effects of the proposal on those areas.

The following questions are directed to witness Rosenberg (USPS-T-3).

4. In LR-USPS-N2012-1/17 tab “Model Mods,” the 3-digit customer assignments developed using the LogicNet Model have been modified using “Local Insight.” On February 23, 2012, the Postal Service announced the results of the AMP studies it has undertaken concurrently with the instant proposal. Please provide an update to the 3-digit customer assignments to reflect current plans based on the results of these studies.
5. File LR-USPS-N2012-1/47 tab ‘Facilities’ column E is titled “Current Workroom Sq Ft.” Column D is titled “Include?”
  - a. Please explain how the facility-by-facility determination to “include” or “not include” was made.
  - b. Please explain why 322 facilities were chosen as the starting point for this analysis.
  - c. Please discuss the differences in Facility Square Footage between file LR-USPS-N2012-1/47 tab “Facilities” and file LR-USPS-N2012-1/52 Access file “Plants.”
  - d. Please provide a crosswalk between file LR-USPS-N2012-1/47 tab “Facilities” and file LR-USPS-N2012-1/52 Access table “Plants.”
6. File LR-USPS-N2012-1/47 tab “Sheet4” columns K through L contain machine square footage footprints. File LR-USPS-N2012-1/17 tab ‘ModelMods’ also contains machine square footage footprints. File LR-USPS-N2012-1/19 contains Handbook AS-504 “Space Requirements,” which provides rules and guidelines for machine footprints. Please provide a crosswalk of the machine footprints contained in LR-USPS-N2012-1/47 and LR-USPS-N2012-1/17 with LR-USPS-N2012-1/19.

7. File LR-USPS-N2012-1/47 tab “Sheet1” column “AvgOfTFP” contains the average throughput by machine for each facility in LR-USPS-N2012-1/47.
  - a. Please provide the source of this information, as well as any programs used to develop the output file.
  - b. Please confirm that the average of the tab “Sheet1” column C for each machine is used as the “throughput” in columns E and F of tab “Process Steps of Interest.” If not, please explain.
  - c. Are the machine throughputs in tab “Sheet1” summarized in tab “Process Steps of Interest” the actual machine throughputs? If not, please explain.
  - d. USPS-T-3 Figure 1 on page 19 contains “Model Equipment Throughput.” For example, it shows a throughput of 27,500 for the DBCS. In contrast, file LR-USPS-N2012-1/47 tab “Process Steps of Interest” presents the throughput of the DBCS in cell F31 as 38,035. Please explain the differences in machine throughputs between USPS-T-3 and LR-USPS-N2012-1/47.
  - e. In support of its FY2011 Annual Compliance Report, the Postal Service filed USPS-FY11-23, which contains the MODS productivities for FY 2011. Please explain the differences between the MODS productivities by machine in USPS-FY11-23 and LR-USPS-N2012-1/47. For example the “In BCS Secondary” TPF/Hour in tab “Table” cell I12 of 8,813 is substantially different from the DBCS throughput of 38,035 from LR-USPS-N2012-1/47.

8. In response to POIR No. 2, question 2, the Postal Service provided LR-USPS-N2012-1/46, which contains a regression of facility square footage to operating costs.
  - a. Please confirm that the regression results are divided by 365 for use as inputs in the LR-USPS-N2012-1/15 LogicNet Model. If not, please explain.
  - b. Please confirm that 320 facilities were included in the regression. If not, please explain.
  - c. Please explain how the decision to include and exclude facilities in the regression was made.
  - d. Please provide a regression of operating cost to square foot for all facilities included in the LogicNet model provided in USPS-N2012-1/15.
  - e. In USPS-N2012-1/15, most facilities use the results of the regression for its RT production costs (0.652, 0.545, or 0.367). Please provide the workpapers used to develop the RT production costs for each facility in USPS-N2012-1/15 that does not use the results of the regression.
  - f. Please explain how the midpoints for the linear cost slope of the polynomial function were chosen. Please specifically discuss the differences between the midpoint (e.g., 105,000 square feet for the 0-210,000 square feet group) and the mean and median of each group (e.g., mean of 83,585 and median of 69,295 for the 0-210,000 square feet group).
  - g. Please explain why the cost function regression was applied to groups of facilities, as opposed to individual facilities.

The following questions are directed to witness Neri (USPS-T-4).

9. On February 23, 2012, the Postal Service announced the results of the AMP studies it has undertaken concurrently with the instant proposal. Please provide a copy of the AMP study for each of the 264 facilities studied for possible consolidation. See <http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf>.
10. Please refer to Library Reference "USPS-LR-N2012-1/50," "LR.50.xls", worksheet "Sheet 1." Please confirm that the "Required Need Based on an 8 hour interval" identified in row 39 should reflect the following three tours: (1) 0600-1359, (2) 1400-2159, and (3) 2200-0559. Please explain why the employment needs are based on the following three tours: (1) 0700-1459, (2) 1500-2259, and (3) 2300-0659.
11. In response to POIR No. 1, question 7, the Postal Service filed LR-USPS-N2012-1/50, which contains employee workhours for Package, FSS, Flat, Letter, and Cancellation processing for the time period September 12, 2011 through September 30, 2011.
  - a. Tab "pkg\_final" contains data for 187 facilities.
    - i. How many facilities operated package processing equipment during the time period specified by the Preface to LR50?
    - ii. How were the specific 187 facilities used for this analysis determined?
    - iii. Please provide the workhours disaggregated for each of the 187 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.

- b. Tab “fss\_final” contains data for 46 facilities.
  - i. How many facilities operated FSS processing equipment during the time period specified by the Preface to LR50?
  - ii. How were the specific 46 facilities used for this analysis determined?
  - iii. Please provide the workhours disaggregated for each of the 46 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.
- c. Tab “flt\_final” contains data for 290 facilities.
  - i. How many facilities operated flat processing equipment during the time period specified by the Preface to LR50?
  - ii. How were the specific 290 facilities used for this analysis determined?
  - iii. Please provide the workhours disaggregated for each of the 290 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.
- d. Tab “ltr\_final” contains data for 345 facilities.
  - i. How many facilities operated letter processing equipment during the time period specified by the Preface to LR50?
  - ii. How were the specific 345 facilities used for this analysis determined?
  - iii. Please provide the disaggregated workhours for each of the 345 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.

- e. Tab “can\_final” contains data for 224 facilities.
  - i. How many facilities operated cancellation processing equipment during the time period specified by the Preface to LR50?
  - ii. How were the specific 224 facilities used for this analysis determined?
  - iii. Please provide the disaggregated workhours for each of the 224 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.
- f. The LR-USPS-N2012-1/50 preface states “The hourly data was then examined to determine the maximum number of employees required during these timeframes, by equipment group. This represents the number of employee assignments needed during the shifts as defined to support the required distribution.”
  - i. Please confirm that employees do not exclusively work in these five work areas. If not, please explain.
  - ii. For each facility for which data is provided in LR-USPS-N2012-1/50, please provide total workhours disaggregated by hour, for each day in the September 12, 2011 through September 30, 2011 time period.



The following questions are directed to witness Bratta (USPS-T-5).

12. Please explain how the prescribed number of annual workhours allocated to preventive, corrective, and operational maintenance will adjust as gaining facilities increase workload. Do the workhour reduction estimates provided to witness Smith include adjustments associated with increased workload for gaining facilities? Please explain.
13. Please explain how the Proposed Operating Plan provided in USPS-T-4 on page 22 will impact maintenance operations.
  - a. The Proposed Operating Plan indicates that letters will be processed from 8:00 a.m. until 4:00 a.m. Will there be sufficient time to conduct routine maintenance?
  - b. Is it likely that machines will require increased maintenance as a result of the increase in machine utilization? Please explain.
  - c. Please explain how your workpapers adjust for shortened maintenance windows.
14. Please provide the average daily workhours allocated to preventive, corrective, and operation maintenance by machine. In addition, please explain how average daily workhours allocated to preventive, corrective, and operation maintenance by machine are likely to change as a result of the Network Rationalization Plan.
15. Please provide an estimate of the savings resulting from transitioning from calendar-based maintenance to condition-based maintenance. See USPS-T-5 at 4. In addition, please explain if the transition from calendar-based maintenance to condition-based maintenance is a result of the Mail Processing Network Rationalization Service Changes.

16. Please provide the source for determining that sites are “New Network Authorized” in USPS-LR-N2012-1/33, Excel file eMARS\_WHEP\_Staffing Changes Final\_AM\_v5.xlsx.
17. Please refer to USPS-LR-N2012-1/31, Excel file “FY11\_Parts\_Network Consolidation Analysis.” Please provide a rationale and/or supporting calculations for the assumption that “Estimated % Mail Processing Equipment Removals as % of Total Fleet” equals 40 percent.

The following questions are directed to witness Cheryl D. Martin (USPS-T-6).

18. Please refer to the Response of the United States Postal Service Witness Martin to GCA/USPS-T6-2(b)(ii). In the response, witness Martin modified the “Plant to Plant Trips” spreadsheet filed under USPS-LR-N2012/11 to include a column identifying transportation category for each trip. Based on the information provided under the column “transportation category” in file “Attach.Resp.GCA.T6-2(b)(ii).xls”, some of the trips are Intra-BMC and Inter-BMC transportation categories.
  - a. Please confirm whether Intra-BMC and Inter-BMC transportation are in the scope of the plant-to-plant transportation.
  - b. If not confirmed, please discuss why such trips are incorporated in obtaining the potential percent reduction in plant-to-plant transportation capacity.

19. On page 9 of her testimony, witness Martin (USPS-T-6) states that a subset of routes in the network was analyzed to determine which trips might no longer be required in a rationalized mail processing environment. The subset of routes and the corresponding trips are provided in LR-N2012-1/11, file “Transportation Spreadsheets LR.xls”, worksheet “Plant to Plant Trips.”
  - a. Please confirm that this subset of routes represent a statistical sample of all plant-to-plant routes.
  - b. If confirmed, please explain the statistical sampling methodology used. If not, please discuss how the subset of plant-to-plant routes was selected for your analysis.

The following questions are directed to witness Rachel (USPS-T-8).

20. The response to POIR No. 4, question 9 states, “Business Management Guide (BMG) is no longer used by the Postal Service. When used for purposes of staffing and complement management, its utility did not meet functional requirements. BMG was not used for any purpose related to the Postal Service direct case in this docket.”
  - a. Do Postal Service plant managers routinely use a standardized complement planning tool? If so, please provide a copy of that tool.
  - b. Did the Postal Service use any complement planning tool for any purpose in this docket? If, so please provide a copy of that tool.

The following questions are directed to witness Smith (USPS-T-9).

21. Please refer to USPS-T-9, Table 8. Please provide a source and/or supporting calculations for the Annual Volume Reduction in Outgoing Secondary (TPH).
22. Please refer to USPS-T-9, Table 9. Please confirm that the additional costs associated with processing these pieces on the DBCS and AFSM 1000 are included in your cost savings estimates. If not confirmed, please explain.
23. Please refer to USPS-T-9, Table 10, and USPS-LR-N2012-1/23. Please provide the source for the “Annual Volume Added to DPS”. In addition, please explain if the volume is only First-Class Mail. If the volume contains other classes of mail, please explain why only First-Class Mail processing avoided costs estimates were used to calculate savings.

The following questions are directed to witness Elmore-Yalch (USPS-T-11).

24. Please refer to Responses of United States Postal Service Witness Elmore-Yalch to NALC Interrogatories, Redirected from Witness Whiteman NALC/USPS-T12-13 filed January 31, 2012.
  - a. Please provide a detailed explanation and illustrative calculations to show the derivation of the standard errors of the point estimates of percentage volume changes for the National, Premier, and Preferred accounts.
  - b. The response to question 13 part (a) provides 95 percent confidence intervals for the point estimates of percentage volume changes. Please confirm that the predicted volume changes are not statistically different from zero for all groups but consumers.
  - c. If confirmed, please discuss the accuracy and reliability of the revenue, cost, and net contribution calculations developed by witness Whiteman using the statistically insignificant volume predictions.

Ruth Y. Goldway  
Presiding Officer